



**XTEK LIMITED
BOARD OF DIRECTORS
CORPORATE GOVERNANCE POLICY**

SHARE TRADING POLICY

1. Introduction

- 1.1 XTEK Limited (**Company**) is a listed public company on the Australian Securities Exchange (ASX).
- 1.2 This trading policy sets out the Company's policy regarding the trading in Company securities, which includes shares, options, warrants, debentures and any other security on issue from time to time. This policy is separate from and additional to the legal constraints imposed by the common law, the *Corporations Act* and ASX Listing Rules.
- 1.3 Overall responsibility for share trading policy rests with the Board, who has obligations to ensure that trade in its securities, is conducted in a manner that is responsible and meets all compliance requirements.

2. Policy

- 2.1 This policy applies to all Directors and employees of the Company and their associates (including spouses, children, family trusts, family superannuation funds and family companies) as well as contractors, consultants, advisers and auditors of the Company ("designated officers").
- 2.2 It is illegal to trade in the Company's securities while in possession of unpublished price sensitive information concerning the Company. Under the *Corporations Act* a person with inside information must not, and must not procure another person, to deal in the securities of a body corporate or enter into an agreement to deal in the securities of a body corporate. Inside information is defined in the *Corporations Act* as information that:
 - (a) is not generally available; and
 - (b) if generally available, a reasonable person would expect it to have a material effect on the price or value of the securities of the body corporate.
- 2.3 This policy outlines:
 - (a) when Directors, senior management and other employees may deal in Company Securities;
 - (b) when Directors, senior management and other employees may deal in listed securities of another entity (because they may obtain inside information about another entity's securities while performing their duties for the Company; and
 - (c) procedures to reduce the risk of insider trading.

3. Defined Terms

- 3.1 In this policy:

Approving Officer means:

- (a) for a Designated Officer who is not a Director, the Chief Executive Officer;

- (b) for a Director (except the Chairperson of the Board), the Chairperson of the Board; and
- (c) for the Chairperson of the Board, the Chairperson of the Finance, Audit and Risk Management Committee.

Company Securities includes shares in the Company, options over those shares and any other financial products of the Company traded on ASX.

Designated Officer means a director or person engaged in the management of the Company, whether as an employee or consultant.

4. General Prohibition on Insider Trading

- 4.1 If a person has information about securities and the person knows, or ought reasonably to know, that the information is inside information, it is likely to be illegal for the person to:
 - (a) deal in the securities;
 - (b) procure another person to deal in the securities; or
 - (c) give the information to another person who the person knows, or ought reasonably to know, is likely to:
 - (i) deal in the securities; or
 - (ii) procure someone else to deal in the securities.
- 4.2 All designated officers are prohibited from trading in the Company's securities while in the possession of unpublished price sensitive information concerning the company. In addition, while in possession of unpublished price sensitive information designated officers must not advise others to trade in the Company's securities or communicate the information to another person knowing that the person may use the information to trade in, or procure someone else to trade in, the Company's securities.
- 4.3 Unpublished price sensitive information is information regarding the Company, of which the market is not aware and that a reasonable person would expect to have a material effect on the price or value of the Company's securities, and includes:
 - (a) a proposed major acquisition or disposition;
 - (b) a significant business development or a proposed change in the nature of the Company's business;
 - (c) details of material contracts that are being negotiated by the Company;
 - (d) potential litigation that would have a substantial effect on the Company;
 - (e) a proposed change in the share capital structure of the Company;
 - (f) a proposed change in the Company's dividend policy; and

(g) a major change to the Board or senior management.

4.4 Insider trading is a criminal offence. It is punishable by substantial fines or imprisonment or both. A company may also be liable if an employee or director engages in insider trading. Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties for insider trading and order payment of compensation to persons who suffer loss or damage because of insider trading

5. Restrictions on Short-Term Trading

5.1 The Company encourages Directors, members of senior management and employees to adopt a long-term attitude to their investment in the Company's securities. Consequently, Directors, members of senior management and employees should not engage in short-term or speculative trading of the Company's securities.

5.2 However, the sale of shares immediately after they have been acquired through the conversion of a security (e.g. exercise of an option) will not be regarded as short-term trading.

6. What is inside information?

6.1 Inside information is information that:

- (a) is not generally available; and
- (b) if it were generally available, would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the relevant securities.

6.2 Information is generally available if it:

- (a) is readily observable;
- (b) has been made known in a manner likely to bring it to the attention of persons who commonly invest in securities of the relevant type and a reasonable period for that information to be disseminated has elapsed since it was made known; or
- (c) consists of deductions, conclusions or inferences made or drawn from information falling under paragraphs (a) or (b).

7. What is dealing in securities?

7.1 Dealing in securities includes:

- (a) applying for, acquiring or disposing of, securities;
- (b) entering into an agreement to apply for, acquire or dispose of, securities; and
- (c) granting, accepting, acquiring, disposing, exercising or discharging an option or other right or obligation to acquire or dispose of securities.

8. When employees may deal

8.1 An employee (who is not a Designated Officer) may deal in Company Securities or the listed securities of another entity if he or she **does not** have information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities or those securities of the other entity.

9. When employees may not deal

9.1 An employee (who is not a Designated Officer) may not deal or procure another person to deal in Company Securities or the listed securities of another entity if he or she has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities or those securities of the other entity.

10. When a Designated Officer may deal

10.1 A Designated Officer may deal in the listed securities of another entity if he or she **does not** have information that he or she knows, or ought reasonably to know, is inside information in relation to those securities.

10.2 A Designated Officer is likely to be in possession of unpublished price sensitive information concerning the Company by virtue of their position within the Company, accordingly **Designated Officers may only trade in the Company's securities during a 6 week period commencing immediately after each of the following ("Trading Windows"):**

- (a) the release by the Company of its half-yearly results to the ASX;
- (b) the release by the Company of its annual results to the ASX: and
- (c) an announcement to the ASX together with a resolution of the Board that a Trading Window is open from the time of the announcement.

10.3 However, during these trading windows the prohibition on insider trading continues to apply.

11. When a Designated Officer may not deal

11.1 A Designated Officer may not deal or procure another person to deal in Company Securities unless they comply with paragraph 10 or 12.

12. Exceptional circumstances

12.1 A person may trade in the Company's securities outside of the Trading Window period in the following circumstances:

- (a) the Chair approves the trade by a Director or the CEO upon the Director or CEO satisfying the Chair that they do not possess unpublished price sensitive information about the company or a failure to trade in the company's securities would result in exceptional circumstances such as financial hardship;
- (b) the CEO approves the trade by an employee upon the employee satisfying the CEO that they do not possess unpublished price sensitive information about the company or a failure to trade in the

Company's securities would result in exceptional circumstances such as financial hardship;

- (c) the trade in a managed securities portfolio where the person is not in a position to influence choices in the portfolio; and
- (d) where the trade results from a dividend reinvestment plan where the person has given ongoing instructions to reinvest dividends.

12.2 The Approving Officer may give clearance for a Designated Officer to trade in Company Securities in exceptional circumstances where the Designated Officer would otherwise not be able to do so under this policy. For example, if the failure to trade would result in financial hardship.

12.3 The Approving Officer may not give clearance under the exception rule if there is a matter about which there is inside information in relation to Company Securities (whether or not the Designated Officer knows about the matter) when the Designated Officer requests clearance or proposes to deal in Company Securities.

12.4 The Approving Officer will decide if circumstances are exceptional.

13. Notification of Trade in Company Securities

13.1 Directors must also notify the Company Secretary of any trade in the Company's securities within 2 days of such trade occurring so that the Company Secretary can comply with the ASX Listing Rule 3.19A requirement to notify the ASX of any change in a notifiable interest held by a Director.

14. Dealings by associated persons and investment managers

14.1 If a Designated Officer may not deal in the Company Securities, he or she must prohibit any dealing in the Company Securities by:

- (a) any associates; or
- (b) any investment manager on their behalf or on behalf of any associates.

14.2 For the purposes of paragraph 16.1, a designated Officer must:

- (a) inform any investment manager or associated person of the periods during which the Designated Officer may and may not deal in Company Securities; and
- (b) request any investment manager or associated person to inform the Designated Officer immediately after they have dealt in Company Securities.

14.3 A Designated Officer does not have to comply with these provisions to the extent that to do so would breach their obligations of confidence to the Company.

15. Communicating inside information

15.1 If an employee (including a Designated Officer) has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities or the listed securities of another entity, the employee must not directly or indirectly communicate that information to another person if he or she knows, or ought reasonably to know, that the other person would or would be likely to:

- (a) deal in Company Securities or those securities of the other entity;
or
- (b) procure another person to deal in Company Securities or the securities of the other entity.

15.2 An employee must not inform colleagues (except the Approving Officer) about inside information or its details.

16 Breach of policy

16.1 A breach of this policy by a Designated Officer or employee is serious and may lead to disciplinary action, including dismissal in serious cases. It may also be a breach of the law.

17. Distribution of policy

17.1 This policy must be distributed to all employees and Designated Officers.

18. Assistance and additional information

18.1 Employees who are unsure about any information they may have in their possession, and whether they can use that information for dealing in securities, should contact the Company Secretary.

19. Approved and adopted

19.1 This policy was approved and adopted by the Board on 28 September 2009.

Date: 28 September 2006

Signed:



Uwe Boettcher
Chairman of the Board of Directors
XTEK Limited